

Mining and Communities Sustainable Development Opportunities

Testimony to the

House Resources Sub-Committee on Energy and Mineral Resources - Hearing

"Sustainable Development Opportunities in Mining Communities Part II"

**Room 1334 Longworth House Office Building, Washington, DC
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Congressman Gibbons and distinguished participants:

Thank you for the opportunity to testify before this Subcommittee today. My name is Ann Carpenter. I work as a professional in the domestic and international mineral development arena, and am an advisor to and past president of the Women's Mining Coalition (WMC). WMC has members and participants nation-wide addressing mineral development issues important to the companies we work for and the communities in which we live. Today I will discuss "How Companies and Communities are Addressing Sustainable Development Opportunities".

I have a bachelor's degree in Geology from Montana State University in Bozeman, Montana (1980), with additional advanced degree studies completed at Mackay School of Mines, UNR (1981-1983). I have over 25 years of experience as an exploration and mining industry professional, exploring for and developing mineral resources worldwide. This experience has provided me opportunities to work in many diverse geologic and cultural settings – in the United States, Chile, Argentina, Peru, Mexico, and East Africa. I have worked for junior, mid-tier, and major mining companies, as well as for local governments and institutions evaluating mineral resources – integrating sustainable development principles and practices from the grassroots exploration phase through property reclamation and mine closure.

Sustainable Development Background

The Bruntland Report, or Our Common Future, is the report made by the World Commission on Environment and Development in 1987. It addressed growing concerns about the

environment and how development creates impacts. In that report, sustainable development was described in this way: “Humanity has the ability to make development sustainable – to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs”.

The mining industry addressed this further through a global effort called the Mining, Minerals and Sustainable Development (MMSD Global), and results of this effort are reported in “Breaking New Ground – Mining, Minerals and Sustainable Development” (2002, London: Earthscan Publications), available online at <http://www.iiied.org/mmsd>. Sustainable development has become a key concern for mining companies, the communities that host mines, NGOs, indigenous people, community leaders, business owners, educational institutions, and other interested parties.

I worked on three of the four tasks related to the **Mining, Minerals and Sustainable Development North America** effort, helping to generate that final report in 2002. As well, I was part of a 40-person team headed by Anthony Hodge that generated the **Seven Questions to Sustainability, How to Assess the Contribution of Mining and Minerals Activities** (2002 publication). I have assisted mining companies and various communities in addressing, developing, and understanding principles and practices of sustainable development. Most recently I have been a consultant to Caterpillar, part of a team that designed and implemented a Sustainable Development Forum that Caterpillar hosted in conjunction with MINExpo 2004. In addition, I work as part of a Caterpillar team developing an educational film on sustainable development to be used in high schools and college level courses. I currently work with three Nevada-based community groups addressing mining and sustainable development issues, often in partnership with UNR’s Mining Life Cycle Center and Great Basin College.

Sustainable development is often described as pillars, and includes these elements: economic, environment and social/community. Governance is another pillar that is often included in discussions. Other terms that have been used to provide an image of sustainable development is the three-legged stool or triple bottom line. The latter refers to an accounting sheet providing bottom lines not only on economic activity but also on environmental and social/community issues.

Sustainable development and sustainability are topics that many industries, companies, and individuals are discussing. PriceWaterhouseCoopers recently conducted a survey of over 25,000 people worldwide. This survey revealed a near global consensus that companies should go beyond financial philanthropy and apply their expertise and technology to resolve social and environmental problems. Many industry sectors and their related companies are recognizing the need to demonstrate their commitment to generating profits, while at the same time reducing the impact of their businesses and operations on people and the environment.

Community Groups and Sustainable Development

In areas where mines are being developed, community groups are springing up throughout Nevada, and the United States in general. These emerging groups are becoming more involved

with the industries that they are host to, with the hopes of strengthening communities through diverse partnerships addressing diverse concerns and opportunities, including sustainable development concerns and issues. In rural Nevada communities, where mining is a key industry, these emerging community-based groups are comprised of a broad range of interested stakeholders, providing forums for identifying, discussing, and resolving important community issues.

A central desire is to bring business and economic diversification to rural Nevada, and to communities that are dependent on mining, addressing sustainable development needs. I am currently working with three community groups in Nevada; these are briefly summarized in Appendix A. Some of the objectives, as stated by various stakeholders in these community groups, include:

- To develop partnerships with a broad range of interested parties and individuals – assisting in the transition to sustainability in Nevada’s rural communities.
- To collaborate with many, focusing on attracting new businesses to the area, often looking a mine sites and mining companies for economic diversification opportunities.
- To initiate longer term planning, strengthening communities through business and industry diversification.
- To foster a forum, promoting discussions between Northern Nevada communities.
- To develop a means, a process for interacting with the many entities and individuals that are in the communities, including: federal and state agencies, Native American tribes, business owners, educational institutions, various industries (retail, mining, ranching, gaming, energy generation, etc.), and interested citizens.

It is important to note that the groups that are emerging are the result of community-based initiatives, forwarded by individuals in the communities hosting mines. As well, the mining companies are also initiating and expanding outreach efforts into the communities and areas where they operate, forming important partnerships with these hosting communities toward addressing economic and industry diversification. In addition, each of these community groups is comprised of individuals from businesses, mining companies, government, indigenous groups, and many others interested in participating.

Although mining companies are some of the participants in these community groups, it is the communities themselves that drive the process, the discussions. Not only are the community groups addressing important issues locally, they are also partnering with other communities in the region with the hopes of attracting businesses to the region. Mining companies and the mine sites play an important role in these discussions.

Economic Diversification, Mine Sites and Land Use Policies

Communities throughout Nevada are beginning to look at mine sites differently. These sites have a history of revenue generation for the host communities, and there is a growing desire by the hosting communities to attract other businesses to these sites to develop business opportunities. There is existing infrastructure in place at the mine sites – power, roads, buildings, water, etc. – and communities are asking that the facilities and infrastructure remain in place so that other businesses might be able to utilize them. This would allow for the site to evolve, to continue generating revenue for the host communities, and that would help the region to have more opportunities to develop additional sustainable business opportunities. Some of the businesses that have recently showed interest in utilizing these sites include:

- Renewable energy generation
- Waste management
- Eco-Industrial Park concepts (in concert with waste management and renewable energy generation)
- Recreation (trails, parks, fishing, etc.) and wildlife habitat – successful reclamation has resulted in vegetation and wildlife habitat enhancement – both having recreational value.
- Business Parks
- Educational institutions – partnerships for long-term learning; long-term monitoring and closure procedures provide unique partnership opportunities between educational institutions, the mining companies, state and federal agencies, and other interested parties.
- High tech business opportunities – data storage

This should be considered a partial list, and in no way should reflect all of the possibilities that communities are currently reviewing to strengthen their economies. Some of these have potential specific ties to the mine sites, some need partnership relationships with mining companies and others, and some are stand-alone with the mining companies invited as potential investors.

A testimony I submitted in October 2004, for a Field Hearing on "Sustainable Development Opportunities in Mining Communities Part I" held in Reno, Nevada details some of these other business opportunities. The testimonies of others today also begin to account for some of the sustainable development opportunities that communities hosting mines are reviewing.

Business Diversification Hurdles

Although there is a growing desire by communities to have other industries develop business opportunities at mine sites (either those that are still active, or those sites moving into closure), there are hurdles to being able to accomplish this business diversification. In order for new businesses to utilize mine sites, federal land use plans and regulations would need to be changed to better allow for this to occur. Nevada and its rural communities are constrained to small areas for development, with federal land ownership surrounding most communities, and constricting their business and community growth opportunities. Land use plans and existing regulations need to be evolved to help address rural communities and their changing needs

with regard to business development. The mine sites provide a unique opportunity for this to occur, helping to attract other businesses to an area if access to the sites can be achieved easily and affordably.

The Boom-Bust cycle continues to be a part of mineral resource development, causing great concern for many. It is not just the result of the short-term, finite business cycle of mining (when the resource runs out, then the mine must close), but it is also supported by federal land use plans and policies that require ‘closure’ to occur at the mine sites. Under current federal policy, mining companies that are operating on federal land are not only required to complete extensive earthwork and revegetation reclamation, but they are also required to remove all infrastructures during mine closure. This includes roads, buildings, power lines and power transfer stations. This translates to lost economic and business opportunities for communities - communities view these as assets that could and would attract other businesses to the area.

Mine buildings and other facilities at the mine sites can be used for other types of industrial activity and are considered an asset by many communities. Many mining properties are suitable for renewable energy projects such as wind, solar and geothermal. However, once the power lines and the transfer stations have been removed these types of projects may not be economically feasible. The Boom-Bust cycle continues, driven in a large part by land use policies that currently limit the ability of other businesses to utilize these mine sites after mining has been completed.

The government plays a key role in the current Boom-Bust cycles regarding mining, driven by its existing land use plans, policies and regulations. These need to be evolved to help meet the growing needs of communities – to help develop stronger economic and sustainable development opportunities.

Federal agencies play a vital role in rural communities’ abilities to survive and evolve. It is time to evolve land use plans, policies and regulations to meet the changing needs of communities. Privatizing lands at mine sites would help to meet these growing needs of rural communities not only in Nevada, but across the west.

The restrictions currently placed on post-mining uses, as dictated by federal land use policies and regulations makes sustaining a strong economy in rural communities extremely difficult. Privatization of some of the lands at mine sites (pits, facilities areas, etc.) is a way to help promote economic development following mining because the infrastructure developed at mine sites could be used to support redevelopment of the land, attracting other businesses.

Patenting of lands in mining areas was a key ‘privatizing’ mechanism in the past; a mechanism used to secure necessary title to lands on which mines were being developed. As a result, there are many historic mining districts across the west where there are large blocks of patented lands. Some of these have evolved over time into other business ventures, principally ‘recreation-based’. Ski areas at Telluride, CO; Park City, UT; Sun Valley, ID are just a few examples of the mining areas where these types of businesses have evolved, and patented (private) lands played a vital role in this. The businesses have certainly helped the host communities to survive and evolve as well.

Because patenting is not a viable option today, privatization opportunities are limited. Some mining companies have been in protracted (3-10 year) federal land sale processes, and the delays and excessive time taken to complete these has resulted in lost economic and business opportunities – not only for the mining companies but for the host communities as well. It is my understanding that a land sale/exchange Phelps Dodge was forwarding took about 10 years to complete. There are other companies in Nevada attempting to move through the federal land sale process, and by all accounts these are progressing very slowly. More than anything, this is a frustration to the host communities as they view these delays and the slow process as a significant hurdle toward their ability to attract other businesses to the region and address their economic diversification needs. The longer the process, the more likely that interested business groups and opportunities will leave, looking for other more timely options.

It is imperative that Congress review the current options regarding ‘privatizing’ lands at mine sites, with the objective of sustainability of rural communities. Patenting is a difficult to impossible process today – there continues a patenting moratorium on any new patent applications. So other methods need to be reviewed and updated to help to evolve land use policies and regulations to help meet the growing needs of communities. Increasing the private land base in rural counties in Nevada and elsewhere in the west is necessary, and the privatization of mining claims could help to meet the needs of rural communities. Please see Debra Struhsacker’s testimony from the October 2004 “Sustainable Development Opportunities in Communities” Field Oversight Hearing in Reno, Nevada for more information on patenting and privatization.

Communities and Mines – An Evolving Partnership

Communities are beginning to evolve their thinking relative to mining. More commonly, the mine sites and their facilities and infrastructure are seen as assets, and communities want access to these sites to hopefully develop other business opportunities. Some of business opportunities can be advanced concurrently with the mining activity; others are better suited to when the mine is in closure. This is a result of the research that communities are conducting, with the objective of economic diversification. A central question is, “How do communities gain access to these sites in order to develop other business opportunities for the long-term?” The answer lies in the partnerships built between the communities, the governing agencies, the mining companies, and other interested individuals and entities.

There is also a significant shift occurring as communities look at mining and the revenue generated by the production of mined products. A lot of Nevada communities have been through multiple Boom-Bust cycles, and they now recognize the need to invest the revenue generated from mining in a different way: mining revenue is being looked at as seed capital to invest into other business opportunities that create economic diversification, stronger communities, and longer-term futures.

Kennecott’s Flambeau, Wisconsin project is a good example to review. A community group was formed – comprised of mine workers, community leaders, businesses, Native Americans,

NGOs, and others – to address mining-related impacts and how the revenue generated by the mine could be used toward economic diversification. What emerged was a business plan that turned the initial investment of about \$7 million in revenue and 70 mining-related jobs into approximately \$50 million annual revenue and 500 non-mining dependent jobs. The mine revenue was viewed as seed capital for a longer-term investment in the community's future, and the community group and all of its participants helped to develop and guide this plan.

Community groups in Nevada are looking at this example, and many others both in the domestic and international mineral development arenas, to help guide an evolving sustainable development process here in Nevada, especially as it relates to mining.

Summary Statements

Not only does the mine generate capital for investment, but the sites offer opportunities and assets (facilities and infrastructure) for other businesses to potentially have access to, evolving the sites and providing for sustainable development opportunities. The current mine planning, and reclamation and closure requirements by state and federal agencies leave little room for other businesses to utilize these sites and their related infrastructure, helping to perpetuate the Boom-Bust cycle. As companies and communities begin to address the need for change so that other businesses might have access to these sites, the federal agencies also need to address what changes they can implement to help communities develop economic diversification opportunities at mine sites. This needs to change for the benefit and sustainability of rural communities across the west.

There are many benefits associated with privatizing mining claims, and all would enhance sustainable development following mining on federal land. The current regulatory and legislative processes to privatization create impediments. Policy and legislative changes are needed to facilitate privatization as a way to encourage sustainable development following mining. Some of the necessary changes include:

- Lifting the current patent moratorium;
- Amending the Mining Law to include a fair market value patent without a reverter;
- Streamlining the administrative and legislative land exchange and direct sale processes.

It is through community partnerships that people see opportunities flourish. The community groups that are evolving in Nevada are good examples of how partnerships between the communities, the mines, the state and federal agencies and other interested entities can help to develop sustainable development opportunities. The broad and diverse base of participants in these community groups allow for many issues to be addressed, problems solved, and greater successes realized. These groups are trying to address sustainable development issues and concerns, and changing land-use plans and policies is paramount to helping these communities meet their needs for a stronger future.

Thank you for the opportunity to testify on this important topic.

APPENDIX A

Community Groups – Brief Descriptions

The community groups that I am working with in rural Nevada include: Rawhide Community Advisory Group; Northern Nevada Partnerships-Elko; and a newly implemented Lander County-based community group. What follows is a brief description of how these groups came together.

Rawhide Community Advisory Group (RCAG)

I started working with this group in 2003. The group was initiated in 2002, under the direction of a consultant (Steve Jarvis) to Kennecott's Denton-Rawhide Mine. The companies in joint venture were beginning to address mine closure issues at the Rawhide Mine, and wanted to get a group of stakeholders together to address the many issues surrounding closure. The group is comprised of individuals from rural Nevada communities surrounding the mine – Gabbs, Hawthorne, Schurz, and Fallon. I was hired to proceed with the group in 2003, continuing as the Facilitator of the group. There are approximately 15 members in the group, representing the mine, elected officials, interested citizens, economic development leaders, Schurz / Walker River Paiute Tribal members, DZHC Base representatives, and various businesses in the region.

Northern Nevada Partnerships-Elko (NNP-E)

In November of 2003, the Northeast Nevada Stewardship Group hosted a Mining and Communities forum in Elko, Nevada, and I was invited to participate as a Co-Facilitator. The outgrowth of that approximate 2-day forum is the Northern Nevada Partnerships-Elko (NNP-E) group. The group is comprised of elected officials, mining professionals, representatives from both Great Basin College and the Mining Life Cycle Center, interested citizens, business owners, federal agency representatives (BLM and USFS), and economic development authority leaders. A key objective of this group is to address business and economic diversification and how the mines, federal agencies, interested individuals, businesses, and communities in the region can work together to address sustainable development issues. Another objective is to conduct outreach into other communities in Northern Nevada, to help these communities, if they so desire, to form community groups of their own.

Lander County Community Group

This group came together in 2004, with a desire to address the proposed Yucca Mountain rail corridor (Lander County sections), as well as mining-related issues. This group is comprised of interested individuals from Austin, Battle Mountain, and ranching communities county-wide, including representatives from the BLM, the hospital, the Yomba Tribe, business owners, ranchers, mining companies, Great Basin College, elected officials, economic development authority, and local schools. This group is exploring ways for the mines, federal agencies, businesses, and interested individuals to work together to address sustainable development issues, forming partnerships that lead to stronger communities.